

BOB ANTHONY
Commissioner

ED APPLE
Commissioner

DENISE A. BODE
Commissioner

OKLAHOMA

DOCKET FILE COPY ORIGINAL

Corporation Commission

P.O. BOX 52000-2000
OKLAHOMA CITY OKLAHOMA 73152-2000

400 Jim Thorpe Building
Telephone: (405)521-2255
FAX: (405)521-4150

Office of General Counsel



Lawrence R. Edmison, General Counsel

March 2, 1998

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M. Street
Washington, D.C. 20554

RE: CC Docket No. 98-5

Dear Mr. Caton:

Please find enclosed an original and twelve (12) copies of the comments prepared by the Oklahoma Corporation Commission regarding the above-entitled docket. The Oklahoma Corporation Commission, having submitted these comments timely, requests that they be filed and made a part of the record in the above-entitled docket.

We have also forwarded a copy of the comments to the Federal Communication Commission's copy contractor, International Transcription Service, and a copy of the comments on computer diskette (WordPerfect 5.1, 3½ disk) to Ms. Janice M. Myles.

The Oklahoma Corporation Commission appreciates the opportunity to participate in this rulemaking. Any future correspondence concerning this docket should be sent to my attention.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Maribeth D. Snapp".

Maribeth D. Snapp
Deputy General Counsel

cc: International Transcription Service
Ms. Janice M. Myles

No. of Copies rec'd
List A B C D E

0213

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Petition of LCI Telecom Corp.
for Declaratory Rulings

)
)
)
)
)

CC Docket No. 98-5

ORDER

Adopted: February 20, 1998

Released: February 20, 1998



INITIAL COMMENTS
OKLAHOMA CORPORATION COMMISSION

Ernest G. Johnson
Director
Public Utility Division
Oklahoma Corporation Commission
P.O. Box 25000-2000
Oklahoma City, OK 73152-2000
(405) 521-3908

Maribeth D. Snapp
Deputy General Counsel
Office of General Counsel
Oklahoma Corporation Commission
P.O. Box 25000-2000
Oklahoma City, OK 73152-2000
(405) 521-2259

Submitted: March 23, 1998

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554**

In the Matter of)	
)	
Petition of LCI Telecom Corp.)	
for Declaratory Rulings)	CC Docket No. 98-5
)	

**COMMENTS OF
THE OKLAHOMA CORPORATION COMMISSION**

1. On January 22, 1998, LCI International Telecomm Corp. ("LCI") petitioned the Federal Communications Commission ("FCC") for a declaratory ruling on its proposal regarding the Regional Bell Operating Companies entry into in-region long distance markets.¹ The Oklahoma Corporation Commission ("Oklahoma Commission" or "OCC") takes this opportunity to comment on LCI's proposal.
2. The Oklahoma Commission strongly supports competition and consumer choice in the local exchange telecommunications market. To that end, it issued a Notice of Proposed Rulemaking in August 1995 designed to explore the modifications to its existing rules that would be necessary to recognize the changes occurring in the telecommunications industry and to encourage competition in Oklahoma. After numerous meetings and many hours of discussions with members of the telecommunications industry, the Commission adopted, on March 8, 1996, rules aimed at facilitating competition and implementing the Telecommunications Act of 1996 (the "Act").²
3. The rules³ adopted by the OCC, and approved by the Governor and the State Legislature, signify the Oklahoma Commission's dedication to promoting strong effective local exchange competition. However, two years after passage of the Act and the OCC's rules, the goals and promises of competition have not been realized locally or nationally.
4. The Oklahoma Commission believes that, in order to expand the development of the

¹ Petition of LCI International Telecom Corp. for Expedited Declaratory Rulings captioned "A 'Fast Track' Plan To Expedite Residential Local Competition and Section 271 Entry Through Establishment of Independent RBOC Wholesale and Retail Service Companies."

² 47 U.S.C. § 151 et. seq.

³ Oklahoma Administrative Code 165:55

opportunities for customers and telecommunications companies, ongoing review of the progress toward meaningful competition is necessary. The OCC is continuing to explore ways to encourage new approaches that might "jump start" the stalled evolution to competition.

5. The OCC issued a Notice of Inquiry ("NOI") on February 11, 1998 for the twofold purpose of evaluating the current status of competition in Oklahoma and identifying any modifications that may be beneficial to achieving the goal of actual, functioning local competition.

6. The OCC's NOI consisted of thirty-two (32) questions addressing many aspects of the current local exchange market. Several of the questions were germane to the proposal made by LCI. Two questions specifically addressed structural separations:

- Should the Oklahoma Corporation Commission consider incentives for the LEC monopolies to structurally separate their operations?
- If separation were possible, how would that affect the need for continued regulation and the development of competition?

Depending upon the decision regarding the two preceding questions, other related questions contained in the NOI would need to be considered and the conclusions to all the questions coordinated. Those additional questions are:

- Should the (Oklahoma Corporation) Commission issue rules to address affiliated transactions, in a competitive environment?
- What safeguards should the (Oklahoma Corporation) Commission consider to prevent possible abuses or discriminatory actions between affiliates?
- Should every company that provides local and toll services be required to provide such services through a structurally separate affiliate.

7. The Oklahoma Corporation Commission believes that LCI's proposal is an example of the innovative ideas which should be explored. However, the proposal gives rise to many additional questions which would need to be considered and addressed. The proposal addresses both legal and policy issues which are extremely complex.

8. The issues, however, are not unique to the telecommunications industry. The OCC has recently adopted rules addressing the restructuring of the natural gas utility industry into one that encourages competition and consumer choice, so it is familiar with the complexity of the issues involved with such an endeavor. Additionally, Oklahoma has taken the first steps in restructuring the electric utility industry for the same purpose. In some respects those industries are just beginning to address the competitive issues with which the telecommunications industry has increasingly dealt since the divestiture of AT&T. However, and in contrast, the concept of structural separation has been embraced by some energy utilities that have organized their services into generation, transmission and

distribution. Although not conceptually identical to the structural separation contemplated in the the LCI proposal, there are enough similarities to provide a useful background.

9. The experiences discussed in the foregoing paragraph put the Oklahoma Commission, and other State Commissions, in the unique position of being able to advise the FCC on many of the issues raised by the LCI petition. The OCC will be happy to share any of its expertise with the FCC as the issues raised in LCI's proposal are considered.

10. The OCC strongly encourages the FCC to timely conduct further study of LCI's proposal, but also to assure that **all** of the complex issues have been **thoroughly** addressed and evaluated before making a final decision regarding the petition. The Oklahoma Commission looks forward to participating further in this docket.